

From: First National Bank in Montevideo, Heather K Beukhof
Subject: Regulation BB - Community Reinvestment Act

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Proposal: Interagency Proposed Rulemaking
Regarding the Community Reinvestment Act
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@@@Docket No. 04-06
Communications Division
Public Information Room

Docket No. R-1181
Jennifer J Johnson, Secretary
Board of Governors of the Federal Reserve System

Subject: Regulation BB - Community Reinvestment Act

I would like to comment on the proposed changes to Reg BB. We are in favor of the proposed definition of "small institution" to mean an institution with total assets of less than \$500 million, without regard to any holding company assets for the following reasons.

We are part of a 9 bank holding company, and the banks range in size from \$48,500,000 to \$184,000,000. None of the banks are at the \$250,000,000 threshold for Large Bank CRA reporting. The Holding Company has assets of \$1,047,000,000 which qualifies us as a Large Bank for CRA reporting. The loan data collection piece is especially cumbersome. Software would make the process less burdensome, but it is cost prohibitive for the smaller banks, and from our investigation still requires some manual input. The Large Bank CRA reporting has put additional strains on the limited staff in the smaller banks.

We see minimal value in the loan reporting for the banks located outside a MSA. In our region all of the Block Numbering Areas are "Moderate to Low" income. The data collected from these banks provides no new information because there are no pockets of "low income" people to serve and measure.

Banks in smaller rural communities are committed to community growth as it sustains the community and the bank. Because loan volume is geographically limited in rural areas, you will find the banks in rural communities do an

exceptional job of making CRA loans in their Assessment Area. Typically banks are eager to participate in economic development loans, low income housing projects, and similar loans as long as they cash flow because this means an opportunity for community growth. Without community growth banks would be less profitable and banking services would shrink. Eliminating the holding company asset rule for Large Bank CRA reporting, will not impact the commitment to CRA lending in rural communities. Thank you.

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